

Internal audit competencies: skills requirements for internal audit staff in South Africa

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ABSTRACT

The need for competent internal audit staff in South Africa is increasing significantly. Skills development initiatives are high on the agenda of the internal audit profession globally. Prior research has addressed competencies in various professional disciplines, as well as general competencies for internal auditors, but little research has been done to determine the perceived levels of importance of the competency requirements specifically for internal audit staff. This study aims to expand this knowledge area, first by identifying the levels of importance accorded to the various competencies, as presented in formal professional guidance. Thereafter, these required levels of competencies for internal audit staff are compared with the perceived levels of importance ascribed to them by South African and global internal audit leaders. The study found that there are inconsistencies in the categorisation of competencies and skills in the officially published internal audit guidance. Despite this, the views of South African leaders do not differ significantly from their global counterparts, although it appears that the overall level of perceived importance held by those in internal audit practice is higher than that in the published internal audit guidance. It is recommended that the IIA standardise, align and revise its guidance on required competencies and skills.

This article should be read in conjunction with the following two articles in this special edition:

Internal audit competencies: skills requirements for internal audit management in South Africa, by Fourie et al.
Internal audit competencies: skills requirements for chief audit executives in South Africa, by Coetzee et al.

Key words

Internal audit competencies; internal audit competency framework;
internal audit staff competencies; internal audit leaders

Acronyms

ACCA	Association of Chartered Certified Accountants	IIA	Institute of Internal Auditors
CIMA	Chartered Institute of Management Accountants	IIA(SA)	Institute of Internal Auditors South Africa
CAE	Chief Audit Executive	IIARF	Institute of Internal Auditors Research Foundation
CBOK	Common Body of Knowledge	IAT	Internal Audit Technician
CFIA	Competency Framework for Internal Auditors	IOD	Institute of Directors
CIA	Certified Internal Auditor	IPPF	International Professional Practices Framework
FASSET	Financial Accounting Services Seta for Education and Training	PTP	Professional Training Programme
GIA	General Internal Auditor	SA	South Africa
IACF	Internal Audit Competency Framework		

1 INTRODUCTION

Although the role of an internal auditor within the organisation is not new to the business environment, the standing of and the demand for internal auditing have changed significantly since the early twentieth century (Barac, Coetzee, Erasmus, Fourie, Motubatse, Plant, Steyn & Van Staden 2010; PwC 2012). What has emerged from various studies is that the need now is for internal auditors who are able to assist management at strategic, systems and operational levels within the organisation, in order to ensure continuously improving and sustainable businesses (PwC 2012).

The changes in the business environment, together with cases of severe mismanagement and poor governance, have contributed significantly to an increased need for a competent internal audit activity that provides one of the cornerstones of effective corporate governance (Harrington 2004:1; Stačiokas & Rupšys 2005:170; IOD 2009). The emphasis on internal auditing in governance guidance codes and in legislation globally, has also increased substantially in recent years (Coetzee 2010:87-91). In addition, internal auditors are increasingly required to provide assurance on the effectiveness of governance processes (IIA 2011:2), and to move from the backroom to the boardroom (Von Eck 2009), providing advice to management on matters such as enterprise risk management, the control environment, and sustainability (PwC 2011).

The profession is growing at a tremendous rate: globally membership increased by 137.5% from 2000 to 2010 (L.S. Stanley, Membership consultant at the IIA Inc, e-mail communication), and in South Africa by 436.1% (IIA (SA) 2010). However, there is still a shortage of competent internal auditors in South Africa, as indicated by the Financial Accounting Services Seta for Education and Training (FASSET) which recognises internal auditing as a scarce skill (Fasset 2011). Another study performed by PricewaterhouseCoopers in South Africa (PwC 2011) identified internal auditing as a highly sought-after, scarce skill.

Research on the competencies and skills required of internal auditors has been performed mostly by the Institute of Internal Auditors (IIA) (Abdolmohammadi, Burnaby & Hass 2006). This research has identified that the introduction of new technology, changes in the IIA guidance, and the increase in the complexity of business operations, requires that internal auditors' knowledge and skills must continuously adapt to accommodate these changes. Studies that relate to the competencies of internal audit staff, specifically new internal auditors, and also to internal auditors who are not in a management or supervisory position, are limited globally and in South Africa.

2 PURPOSE, SIGNIFICANCE AND LIMITATIONS

The purpose of this article is to contribute to the knowledge of the competencies needed by internal audit staff working in the South African (SA) business environment, and as part of the global internal audit

environment. To achieve this objective, a two-phased approach has been followed. In phase 1, the levels of the competencies included in the IACF were refined by comparing these with other pertinent internal audit guidance codes/publications (the International Professional Practices Framework (IPPF) and the Certified Internal Auditor (CIA) programme curriculum). Subsequently, a set of common levels of competencies for internal audit staff was suggested. In phase 2, formal guidance issued by the Institute of Internal Auditors (IIA), namely the Internal Audit Competency Framework (IACF) was compared with the perceptions held by South African and global internal audit leaders (chief audit executives, service partners and academia) as to the relative importance of the required levels of competencies needed by internal audit staff. Extensive research on competency requirements in various disciplines has already been conducted (Nguyen 1998; Van der Vleuten & Schuwirth 2005), but, in the field of internal auditing, being a relatively new profession, published information on competency requirements is still limited.

The results of the study will benefit internal audit leaders in determining whether their perceptions on the relative importance of required competencies are in line with internal audit guidance. It could also be an indication to the IIA that the perceptions of internal audit leaders is not in line with the formal guidance on competencies, or that internal audit practice is not in line with the IACF. Internal audit educators and trainers can use the results of this study to improve internal audit programme curriculum content and teaching practices.

The concept of competency (also referred to as competence) has been explained by many authors in various fields/disciplines (Hoffmann 1999) and refers to specific knowledge, skills and attitudes needed "... to perform a work role to a defined standard, with reference to real working environments..." (IFAC 2010). For the purposes of the CBOK study, the focus was on '...competencies and skills needed by internal auditors...' to perform internal audit engagements effectively (Bailey 2010:5). In this article, the terms 'competencies' and 'skills' are used with specific reference to general competencies, technical skills, and behaviour skills, as categorised in the CBOK study (Bailey 2010). Competencies classified as 'general competencies' include the essential skills that internal auditors need in order to perform their audit-specific tasks (Bailey 2010). In respect of the behavioural skills category, they include skills needed to manage an internal auditor's own actions in relation to others, and are skills which are assessed against generally accepted norms (Bailey 2010). With regard to the technical skills category, Bailey (2010) refers to these skills as those needed in the application of subject matter or concepts within a specific business or internal audit field.

A limitation of the study is that the published guidance which was used in the comparison of the competency levels for internal audit staff was limited to the CIA programme curriculum, the IIA (SA) learnership programmes (Internal Audit Technician (IAT) and

General Internal Auditor (GIA)), and to the IPPF. As the descriptions of the different levels of competencies in the aforementioned guidance publications differ, professional judgement was used to categorise competencies to be compared. Based on the identified levels at which competencies should be mastered, as presented in guidance documents, where competencies which were differently categorised required some interpretation, an average rate was determined for each competency. Further limitations are that this study reports on the results of the South African aspects of the CBOK survey, within a global context only, and is limited to the perceptions of internal audit leaders on the importance of competencies for internal audit staff. The results discussed in this article should be considered against the aforementioned limitations. The perceptions of internal audit leaders of the importance of competencies required by internal audit management and chief audit executives are addressed in the other articles in this special edition.

3 LITERATURE REVIEW

This literature review discusses the evolution of the internal audit profession with specific reference to the IACF and competency development for internal audit staff.

3.1 Internal auditing as a profession

Since the beginning of the 1900s, authors have highlighted the characteristics of a profession (Carr-Saunders 1928; Elliot 1972; Larson 1977). These include formal education and training, specialised knowledge and skills, adherence to ethical standards, service to the public and association with a professional body. All five characteristics are applicable to the internal audit profession. Individuals aspiring to become certified members of the internal audit profession must adhere to specific criteria such as being in possession of a bachelor's degree, having at least two years' uninterrupted experience in internal auditing or a related field (IIA 2011), and having successfully completed the certification programme. These individuals are then members of the professional body (IIA) and are able to use the CIA designation. In addition, internal audit professionals must adhere to the IPPF which includes the IIA code of ethics and the International Standards for the Professional Practice of Internal Auditing (IIA 2011). The IPPF emphasises that internal auditors must render value-adding, independent and objective services to various stakeholders, (and sees this as being indicative of being associated with a professional body), and serving the public.

As a profession, internal auditing is new in comparison with the traditional professions such as medicine and the law. The IIA was only formed in 1941, in the United States of America, and its affiliate in SA, the IIA (SA), followed in 1961 (IIA 2012a). The IIA currently has over 170 000 members in more than 165 countries. The professional body has, since its inception, implemented several initiatives to promote the profession globally. These initiatives include the development of a Common Body of Knowledge

(CBOK), a certification programme, and the IPPF. These formal IIA guidance initiatives are discussed in the following sections.

3.2 Internal Audit Competency Framework (IACF)

According to Mautz and Sharaf (1982), internal auditing was a well-established and well-respected activity, but by the nineteen-eighties there was little indication that it was well-defined or clearly directed. Since the above statement was made by Mautz and Sharaf, several developments have occurred that define and direct the internal audit profession. Such developments have been built on the Statement of Responsibilities of Internal Auditing (hereafter referred to as the Statement) which was prepared by the research committee of the IIA and approved by the IIA's board of directors at its meeting on 15 July 1947. The purpose of the Statement was to establish a set of guidelines that defined the proper role and responsibilities of the internal audit function within an organisation (Flesher 1996). The Statement has been regularly updated since then, and in June 1999 the IIA's board of directors approved a new set of guidelines, including a new definition of internal audit, in the form of the Professional Practices Framework (IIA 2001). This has since been regularly updated, and currently the IPPF (IIA 2011) consists of six elements providing guidelines on the role and responsibilities of the internal audit function.

Similarly, to ensure that individual internal auditors keep up with the changes in their environments, the IIA developed a CBOK during 1972 which was updated in 1985, 1992 and 1999 (Abdolmohammadi *et al* 2006). These updates have been followed by the CBOK 2006 and the CBOK 2010 studies (IIARF 2010). These studies have attempted to identify, amongst others, the competencies and skills needed by practicing professional internal auditors, as recognised by internal audit practitioners.

In addition to the CBOK studies, a competency framework was identified (Anon 1998) as essential to highlight the need for internal auditors to acquire new skills and competencies. In 1999, the IIA Research Foundation (IIARF) published the first Competency Framework for Internal Auditors (CFIA), the purpose of which was to provide internal auditors with guidelines regarding their knowledge and the process of developing new competencies needed to remain fully competent in the changing business environment (McIntosh 1999). The CFIA focused on the skills needed by an individual to be an efficient internal auditor. This document was updated using the 2006 CBOK study's results, and a new competency framework, namely the IACF (IIA n.d.(a)), was issued. The IACF consists of four broad categories of skills/competencies, namely: tools and techniques; knowledge areas; internal audit standards, theory and methodology, and interpersonal skills. Each of the four categories of competencies are further presented on three levels, namely: new internal audit staff (less than one year) and non-supervisory internal audit staff; experienced internal auditors (audit senior supervisor and audit manager), and chief audit executives (director and chief audit executive).

In order to understand fully the specific requirements for internal auditors, it is also necessary to examine the notions of competencies and skills. These concepts are discussed below in the context of other formal IIA guidance.

3.3 Individual competency requirements

The IPPF includes guidance on competencies identified as necessary for internal auditors to have mastered in order for them to do their work effectively. The IPPF consists of the definition of internal auditing, a code of ethics, International Standards for the Professional Practice of Internal Auditing (hereafter refer to as *Standards*), and various practice advisories. The definition, code of ethics and the *Standards*, and the mandatory guidance component of the IPPF, together provide guidance on proficiency and skills requirements for internal auditors (IIA 2011). Specific skills and competency requirements, taken from mandatory guidance documents, include, *inter alia*: adding value; risk management, analysis and interpretation; and integrity, objectivity, and confidentiality (IIA 2011), which form the basis of the IACF.

In addition to the IPPF, the curriculum of the Certified Internal Auditor (CIA) programme also provides guidance on competency requirements. The discussions in this study are based on and refer directly to the curriculum of the current four-part CIA programme, as the new three-part curriculum was not yet then available for inclusion in the comparative analysis of the IIA guidance in the empirical component of this study. The current CIA curriculum (updated in 2004) consists of four parts: Part 1 – The internal audit activity's role in governance, risk and control; Part 2 – conducting the internal audit engagement; Part 3 – business analysis and information technology; and Part 4 – business management skills (IIA 2012b).

The aforementioned sources provide guidance to internal audit practitioners on the knowledge, skills and attitudes (thus competencies) required of internal auditors in order for them to perform work to a specific standard or at a predetermined level of responsibility. In respect of the categorisation of the various competencies and skills contained in the CBOK 2010 study, the core competencies of today's internal auditor are divided into three categories, namely: general competencies; behavioural skills, and technical skills (Bailey 2010).

3.4 Competency requirements for internal audit staff

For the purposes of this article, the term 'internal audit staff' refers to new internal auditors and to internal auditors who are not at supervisory, management or chief audit executive levels. It can be assumed that some of these individuals are still in the process of gaining the required practical experience (as stipulated by the IIA), as part of the certification programme. Globally, limited research has been conducted on the competency requirements specifically for entry-level internal auditors (Seol, Sarkis & Lefley 2011). In South Africa, Barac (2009) has studied the

knowledge and skills requirements for entry-level accounting trainees, as perceived by training officers, whereas Plant and Steyn (2009) examined the education considerations for internal auditors. No literature could be found on the specific requirements for internal audit staff, except for the IACF issued by the IIA.

With reference to the accounting landscape (which includes auditing), the various professional accounting bodies have established competency frameworks to guide the learning of skills, and the ongoing development of accounting professionals: the Global Accounting Alliance (GAA) members, the Association of Chartered Certified Accountants (ACCA), and the Chartered Institute of Management Accountants (CIMA) all have formal education and training programmes in place for the development of new staff (ACCA 2012; CIMA 2012; GAA 2012).

The IIA (SA) has specifically developed two formal learnership programmes for internal audit staff, namely: the internal audit technician (IAT), and the general internal auditor (GIA). The purpose of these learnership programmes is to provide workplace-based education and training resources to new internal auditors to develop specifically required competencies (IIA (SA) 2012b). Both learnership programmes are presented over a two-year period and are managed by the IIA (SA). The learnerships are currently referred to as the IIA (SA) Professional Training Programme (PTP). A training logbook is kept by each learner and competencies are assessed by both internal and external assessors. The PTP programme lists and describes the specific learning outcomes and competencies that should be achieved by learners. However, the question arises as to whether these competencies are aligned with the IACF and other formal IIA guidance. This study aims to answer this question and to fill the currently existing research vacuum.

4 RESEARCH METHOD

This study consists of two phases. Phase one is a comparative analysis of formal guidance related to the selected competency requirements of internal auditors. The IACF was compared to the curriculum of the CIA examination, the IPPF, and to the detail of the IIA (SA)'s PTP. The reasons for including these documents in the analysis are that IPPF includes the mandatory guidance for internal audit practice (IIA 2011), and the CIA examination is the globally recognised certification of competence for the profession (IIA n.d. (b)). The IIA (SA) PTP was included as this document provides formal guidance for internal audit workplace-based skills development in South Africa (IIA (SA) 2012). The purpose of the comparative analysis was to determine common levels of competencies across the above-mentioned formal guidance sources, in the categories of general competencies, behavioural skills, and technical skills. As the descriptions of competencies in the IACF, the IIA, and the IIA (SA) syllabus guidelines or curricula varied, professional judgement was used to re-categorise some competencies. Based on the prescribed levels at which competencies should be

mastered (according to these documents), a rate was determined for each identified competency, which in this article are referred to as the common levels (refer

to Table 1). Common levels were calculated for each competency requirement and recorded in the common level column in Table 1.

Table 1: Common levels of competencies for internal audit staff

General competencies	IACF	CIA	IIA (SA) PTP	IPPF	Common level
Communication skills	2	3	2	2	2.3
Problem identification and solution skills	2.3	2	n/a	n/a	2
Ability to promote value of internal audit	2	2	n/a	n/a	2
Industry regulatory and standards changes	1	2	2	n/a	1.5
Organisational skills	2	4	n/a	n/a	3
Conflict resolution/negotiation skills	2	n/a	n/a	n/a	2
Staff training and development	1	n/a	n/a	n/a	1
Accounting framework tools and techniques	1	3	3	n/a	2.3
Change management skills	2	3	n/a	n/a	2.5
IT/ICT frameworks tools and techniques	1	2	2	2	1.66
Cultural fluency and foreign language skills	2	2	n/a	n/a	2
Behavioural skills					
Change catalyst	2	3	n/a	n/a	2.5
Facilitation	n/a	n/a	n/a	n/a	n/a
Influence – ability to persuade	2	2	1	n/a	1.7
Staff management	1	4	n/a	n/a	2.5
Team building/creating group synergy	2	2	n/a	n/a	2
Relationship building – building bonds	2	2	n/a	n/a	2
Work independently	n/a	n/a	n/a	n/a	n/a
Team player – collaboration/cooperation	2	2	n/a	n/a	2
Leadership	2	2	n/a	n/a	2
Judgement	n/a	n/a	n/a	n/a	n/a
Governance and ethics sensitivity (integrity)	1.5	2	2	n/a	2
Work well with all levels of management	n/a	n/a	n/a	n/a	n/a
Communication – sending clear messages, listening	2	3	2	2	2.3
Objectivity	2	4	n/a	2	2.7
Confidentiality	3	n/a	n/a	n/a	3
Technical skills					
Forecasting	1.5	2	2	n/a	1.8
ISO/quality knowledge	1	2	n/a	n/a	1.5
Balanced scorecard	2	2	n/a	n/a	2
Total quality management	1	2	n/a	n/a	1.5
Statistical sampling	2.5	2	1	n/a	1.8
Financial analysis tools and techniques	2	4	n/a	n/a	3
Use of IT/ICT and technology-based audit techniques	2.2	2	3	n/a	2.4
Forensic skills/fraud awareness	1	3	2	1	1.8
Operational and management research skills	1.5	1	n/a	n/a	1.2
Project management	1.5	2	n/a	n/a	1.8
Negotiating	2	n/a	n/a	n/a	2
Data collection and analysis tools and techniques	2.5	2	n/a	n/a	2.3
Business process analysis	1.8	2	n/a	n/a	2
Problem solving tools and techniques	2.3	2	n/a	n/a	2
Identify types of controls(preventative, detective etc)	2	4	2	n/a	3
Governance, risk and control tools and techniques	2.3	3	2	n/a	2.7
Risk analysis and control assessment techniques	2.5	4	2	n/a	2.3
Understanding business	2	2	3	n/a	2.3

(*)The IPPF was not included in determining the average to calculate the common levels as too many were not applicable for the comparison

KEY: 1 = awareness;
 2 = basic competence and knowledge with support from others;
 3 = independently competent in routine situations; and
 4 = independently competent in unique and complex situations.

Phase two consisted of a comparison of the common levels of competencies as determined in phase one, with the levels of competencies needed in internal audit practice as perceived by internal audit leaders. For the purposes of this article, the importance of competencies needed in internal audit practice for South African and global internal audit staff, was rated as high (H), medium (M) or low (L). To enable a meaningful comparison between the data and the

common levels of competencies as determined in phase one, the latter was also rated as being of high, medium or low levels of importance. A similar study was performed by Seol *et al* (2011) based on the previous competency framework (McIntosh 1999).

The data used in this comparison has been extracted from the 2010 CBOK database that contains the results of the global survey performed by the IARF to

identify the core competencies required for modern internal auditors (Bailey 2010). The IIA used a web-based survey instrument to collect data from the IIA's global membership, and from non-member internal auditors. In this special edition of SAJAAR, all the articles use the IIA's CBOK survey data as a secondary source. The data for South Africa (IIA (SA) 2012) was extracted from the global survey data. The results of the CBOK 2010 survey contain the data collected from 13 577 respondents in 107 countries. In this article only the perceptions of internal audit leaders were used to determine the skills requirements for internal audit staff. The perceptions of global internal audit leaders (4 712 respondents) were compared with the perceptions of their South African counterparts (95 respondents).

5 FINDINGS

The results of the two phases of the empirical study are provided in sections 5.1 and 5.2 below.

5.1 Comparative analysis: phase one

The most recent CBOK study on core competencies (Bailey 2010) distinguishes between general competencies, behavioural skills, and technical skills, and these have been discussed in the literature review. These competencies and skills were used as the point of departure for the comparison with the IIA guidance. As the competence descriptors used by the IACF differ slightly from those used in the CBOK 2010 study, not all the competence descriptors of the IACF were included in the comparison, however, ultimately 93.5% were addressed.

The results of the comparative analysis are summarised in Table 1. The IACF legend (IIA n.d. (a)) was used to rate the levels of competencies. The legend classifies awareness as level 1; basic competence as level 2; independent competence in routine situations as level 3; and independent competence in complex situations as level 4.

All the IIA guidance used for the analysis refers to competencies covering both knowledge and skills requirements. However, the analysis revealed that the contents underlying these categories differ substantially between documents. Concepts and terminology describing competencies are not used consistently. In addition, the classification of the competencies and skills within the three main categories are unclear and inconsistent. For example, 'negotiation skills' are classified as both general competencies and as behavioural skills. The research team attempted to clarify these discrepancies with the chairperson of the CBOK 2010 survey committee (Bailey 2010), but the explanations received did not satisfactorily explain the discrepancies. As described in section 2, these discrepancies were identified as limitations of the study, and form the background against which the findings should be considered.

With regard to the general competencies internal audit staff should demonstrate, the areas in the IACF

not covered by the CIA curriculum or the IIA (SA) PTP content, are a matter for concern. For example, conflict resolution and negotiation skills are not covered in the CIA curriculum, but according to the IACF a basic competence and knowledge of these skills is needed (rating of 2) by internal audit staff. The IIA (SA) PTP includes only four of the eleven general competencies. This is alarming due to the fact that the IIA (SA)'s PTP has been specifically developed for internal audit staff.

With regard to behavioural skills, the comparative analysis indicates that the IACF skills are aligned to the CIA curriculum, but that the IIA (SA) PTP is not aligned with either. Only three out of the fifteen IACF competencies are addressed in the IIA (SA) PTP programme. Similarly, with regard to technical skills, the comparative analysis indicates that the IACF skills are aligned with the CIA curriculum but the IIA (SA) PTP is not so aligned. Only eight out of the eighteen IACF competencies are addressed in the IIA (SA) PTP. This begs the question: why should South Africa's internal audit function generally see itself so differently from the parent global organisation? This is another area still to be researched.

4.2 Comparative analysis: phase two

During phase two, the common levels of competencies (refer to Table 1) were rated according to levels of importance and were then compared to the levels of importance for internal audit staff as perceived by internal audit leaders. With reference to the Key below Table 1, the importance of the common levels of competencies were rated high (levels 3 and 4), medium (level 2), or low (not applicable). Similarly, the importance of the different competencies and skills within the three main categories, were rated as high (top third), medium (middle third) or low (bottom third) and are presented in Table 2.

The above comparison focuses on the importance of the competencies and skills for internal audit staff. This should be read in conjunction with the articles in this special edition of SAJAAR that focus on the competencies and skills perceived as essential for internal audit management and for chief audit executives. For example, when comparing the results on the general competency 'use of accounting framework tools and techniques', internal audit leaders perceived it as a less important (low) competency for both management and chief audit executives, while the IIA guidance (common level) rates this competency as very important (high). However, internal audit leaders perceive this competency as high for internal audit staff, whereas the IIA guidance indicates this competency as only being of moderate importance. These differences in perceptions and importance ratings could result in the quality of internal audit services being compromised.

Table 2: Comparison of the importance of common levels of competencies to perceptions of internal audit leaders for internal audit staff

General Competencies	Common level		SA leaders	GLOBAL leaders*
	Level	Rank	Rank	Rank
Ability to promote value of internal audit	2	M	M	M
Accounting framework tools and techniques	2.3	M	H	H
Change management skills	2.5	M	L	L
Communication skills	2.3	M	H	H
Conflict resolution / negotiation skills	2	M	M	M
Cultural fluency and foreign language skills	2	M	L	L
Industry regulatory and standards changes	1.5	L	H	H
IT/ICT frameworks tools and techniques	1.5	L	M	M
Organisation skills	3	H	M	M
Problem identification and solution skills	2	M	H	H
Staff training and development	1	L	L	L
Change catalyst	2.5	M	L	L
Communication – sending clear messages, listening	2.3	M	H	H
Confidentiality	3	H	H	H
Facilitation	n/a	L	L	L
Governance and ethics sensitivity (integrity)	2	M	M	M
Influence – ability to persuade	1.7	L	M	M
Judgement	n/a	L	M	H
Leadership	2	M	L	L
Objectivity	2.7	M	H	H
Relationship building – building bonds	2	M	M	M
Staff management	2.5	M	L	L
Team building/creating group synergy	2	M	L	L
Team player – collaboration/cooperation	2	M	M	H
Work independently	n/a	L	H	M
Work well with all levels of management	n/a	L	H	M
Balanced scorecard	2	M	L	L
Business process analysis	2	M	H	H
Data collection and analysis tools & techniques	2.3	M	H	H
Financial analysis tools and techniques	3	H	M	M
Forecasting	1.8	L	L	L
Forensic skills/fraud awareness	1.8	L	L	M
Governance, risk, control tools and techniques	2.7	M	H	M
Identify types of controls (preventative, detective, etc.)	3	H	H	H
ISO/quality knowledge	1.5	L	L	L
Negotiating	2	M	L	L
Operational and management research skills	1.2	L	M	H
Problem solving tools and techniques	2	M	M	M
Project management	1.8	L	M	L
Risk analysis & control assessment techniques	2.3	M	H	H
Statistical sampling	1.8	L	M	M
Total quality management	1.5	L	L	L
Understanding business	2.3	M	H	H
Use of IT/ICT and technology-based audit techniques	2.4	M	M	M

*The global data is only available in scale format.

Refer to discussion for an explanation of KEYS.

The comparison of the importance of general competencies for internal audit staff, as perceived by internal audit leaders, with the common level ratings as presented in Table 1, shows three areas of concern. Firstly, with regard to 'industry regulatory and standards changes', the common level of importance is low compared to a high level of importance as perceived by internal audit leaders in South Africa and globally. Secondly, 'IT/ICT frameworks, tools and techniques' are rated low, compared to a medium rating as perceived by internal audit leaders. In the third instance, 'problem solving, identification and solution skills' are rated as medium with reference to the IIA guidance, but are perceived to be very important by all internal audit leaders. This

indicates that internal audit practice expects a higher level of competency than is required by the IIA guidance.

The comparison of the importance of behavioural competencies of internal audit staff as perceived by internal audit leaders to the common level ratings as presented in Table 1, again shows a number of discrepancies. For skills to act as a catalyst for change, the common levels of importance should exceed the perceived levels of importance. However, for the competences 'influence', 'judgement', 'leadership', 'objectivity', 'working independently', and 'working well with others', the common levels of importance are in fact lower than the perceived levels of

importance. In addition, the last two behavioural skills are perceived as being more important by global leaders than by SA leaders.

With regard to the technical skills, 'balanced scorecard', 'financial analysis', and 'negotiation', the common levels of importance exceed the perceived levels of importance. For technical skills such as 'business process analysis' and 'data collection and analysis', the perceived levels of importance for both SA and global leaders are higher than the common levels of importance. For 'forensic skills' and 'operational and management research', the global leaders' perceived levels of importance exceed those of the SA leaders' perceived levels of importance. However, for 'governance, risk and control tools and techniques', the SA leaders' perceptions exceed their global peers' perceptions. This is in line with the findings that the South African organisations' adherence to the IIA standards was higher than that of global organisations (IIA (SA) 2010).

5 CONCLUSIONS AND RECOMMENDATIONS

This study broadens the knowledge on the competencies needed by internal audit staff in South Africa, as viewed within a global context. The literature review discussed the evolution of the internal audit profession, progressing through the development of a practice framework, a competency framework and a prescribed curriculum for the professional certification programme. In addition, the IIA (SA) PTP was discussed as this programme is intended to specifically address the competencies of internal audit staff in South Africa. The competencies included in the internal audit competency framework were used as the point of departure and compared to the other relevant guidance issued by the IIA in order to identify common levels of competencies. These common levels were compared with internal audit leaders' perceptions of the importance of various competencies for internal audit staff.

The first phase of the study found that the formal IIA guidance (IACF; the CIA curriculum; IPPF; IIA (SA) PTP) addressing competencies for internal auditors is unclear and inconsistent in the explanations of competencies and skills. Clearly no standard approach is being followed in categorising knowledge, skills and attitudes as competencies, which can be problematic, especially in South Africa's multi-lingual, multi-cultural social and business environment. It is also worrisome that the competencies and skills differ significantly from the common levels, and are not

aligned with them, and this complicates workplace-based training. This is borne out by the study performed by Seol *et al* (2011:222). In addition, the comparative analysis of the IIA (SA) PTP indicates that the courses are incomplete and inadequate as less than 44% (15 out of 34) of the overall competencies required are covered in this programme.

The second phase of the study found that there are competencies and skills that are perceived by both SA and global leaders to be of high importance for internal audit staff, in spite of the fact that these competencies and skills are not covered adequately by the IIA's formal guidance. This could be an indication of the rapidly changing role of internal auditing within an organisation, a role which increasingly includes consulting activities, and this requires increased operational and management research. In addition, both SA and global leaders perceived the levels of the required competencies and skills overall to be at higher levels than that of the various guidance documents, could suggest that new internal auditors want to be career auditors and are therefore already expected to have certain skills that previously had only been required once supervisory level had been reached.

Given the relatively high level of confusion and discrepancy between guidance's common levels and management's perception of what is appropriate for IA staff, it is recommended that the IIA appoints a task team to investigate and align the various guidance documents to establish consistency and clarity. As the documents currently stand, it is obvious that they have been developed by different, unrelated divisions, authors and committees to address different situations. Future research could therefore examine how competencies of internal audit staff are developed and at which specific levels these competencies should be mastered. The IIA (SA) specifically should revise the content and outcomes of the PTP to align them to other IIA formal guidance. In addition, the perceptions of practising internal audit leaders should be considered by the IIA when revising the IIA formal guidance, such as the IACF and the CIA programme curriculum. It is also suggested that a formal programme of evaluation be conducted to determine whether the IIA (SA) education and training initiatives, specifically the PTP, are achieving the objective of producing competent internal audit staff and, ultimately, quality internal audit professionals.

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